



*Flowering with Success*

# *USDA Rural Development Kentucky*

## *2003 Annual Report*

Cover Photo courtesy of Ken Slone

## **Table of Contents**

<b>Comments</b>	<b>2</b>
<b>Rural Utilities Service</b>	<b>5</b>
<b>Rural Housing Service</b>	<b>9</b>
<b>Rural Business Service</b>	<b>13</b>
<b>Outreach</b>	<b>15</b>
<b>Civil Rights &amp; EEO</b>	<b>16</b>
<b>Office Locations</b>	<b>19</b>

[www.rurdev.usda.gov/ky](http://www.rurdev.usda.gov/ky)

**Statement by Secretary of Agriculture  
Ann M. Veneman:**

The Bush Administration has made great strides in supporting investments in America's rural communities. From the successful implementation to the 2002 Farm Bill to passage of the Healthy Forest Restoration Act, President Bush's policy are helping strengthen the economic health of rural America.

Fueling this growth are the programs being implemented by USDA's Rural Development. Through USDA's Rural Development programs, it is estimated that over 510,000 jobs have been created or saved since the beginning of the Bush Administration. USDA has invested nearly \$2.5 billion for rural business development in the form of loans, grants and technical assistance.

We are also working with local communities to build and strengthen economic development partnerships with state and local governments. Some \$183 million has been invested in Empowerment Zones and Enterprise Communities (EZ/ECs). This investment is complemented by the leveraging of USDA funds to help attract \$422 million in other federal investments and \$739 million in non-federal investments to EZ/ECs and other supported communities.

To improve economic and community development opportunities in underserved rural areas, the Administration has entered into agreements with 20 National Centers of Excellence and Historically Black Colleges and Universities to advance business development through improved information technologies and entrepreneurial skills training.

Major investments have been made in developing value-added industries, with a focus on promoting renewable energy. Over \$35 million has been provided to support the development and marketing of renewable energy and the creation of energy efficient systems in rural areas.

Rural infrastructure, such as education, healthcare, telecommunications, water treatment and community facilities, has been supported by more than \$13 billion in grants and loans. More than \$10.2 billion has been invested in rural housing, much of which supports the President's ambitious goal to increase minority homeownership by 5.5 million by 2010.

As we look to the future, we remain dedicated to ensuring that investments in rural Kentucky continue to bring new economic opportunities and an improved quality of life to rural families and communities.



**Statement by Agriculture Acting  
Under Secretary for Rural Development  
Gilbert Gonzalez:**



Citizens and community leaders throughout rural America share a common desire to bring economic opportunity and an improved quality of life to their community. There is a remarkable cohesiveness amongst rural citizens that allows the energy and enthusiasm of local citizens to harness the resources needed to bring solutions to economic and social issues facing their community.

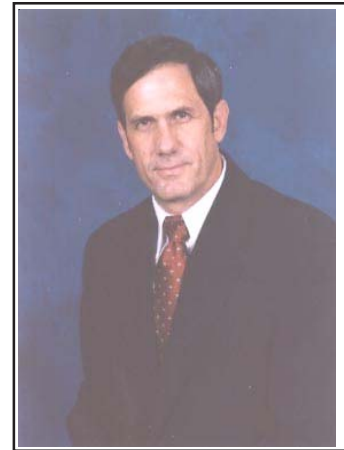
As rural America's venture capital bank, USDA Rural Development seeks to support local efforts by providing financing to create housing, business development, technology and community infrastructure and essential community facilities. Over the last year, the Bush Administration through USDA Rural Development has provided over \$13 billion in capital financing to assist rural citizens and communities invest in their future.

USDA Rural Development capital investments in FY 2003 include; assisting over 43,000 families realize their dream of homeownership; assisting over 100 rural agri-businesses with financing of energy efficiency and renewable energy systems that support energy independence for America and that supports President Bush's national energy plan; assisting with the financing of over 12,000 business ventures to create or save nearly 90,000 jobs; and assisting with the financing of community infrastructure and facilities that will benefit an estimated 7 million rural citizens. In total, over 350,000 jobs are expected to be created or saved as a result of the financing provided by USDA Rural Development.

USDA Rural Development has a dedicated team of professionals with over 40 financial and technical assistance programs available to assist rural communities improve their economic opportunities and an improved quality of life. I encourage you to contact our staff in Kentucky to learn more about ways that USDA Rural Development can be of assistance to you and your community.



**Comments by State Director  
Kenneth Slone**



When I saw the wildflowers (cover photo) growing on this rock cliff, desperately clinging to a clump of soil, it reminded me of how many rural Kentuckians are clinging to their way of life. In a lot of ways, Rural Development is like that clump of soil, providing the necessary nutrients to maintain a way of life. Whether it be for homeownership, safe and sanitary water systems, rural fire departments, hospitals, sewer systems, or job creation, Rural Development provides the necessary venture capital to sustain a rural way of life.

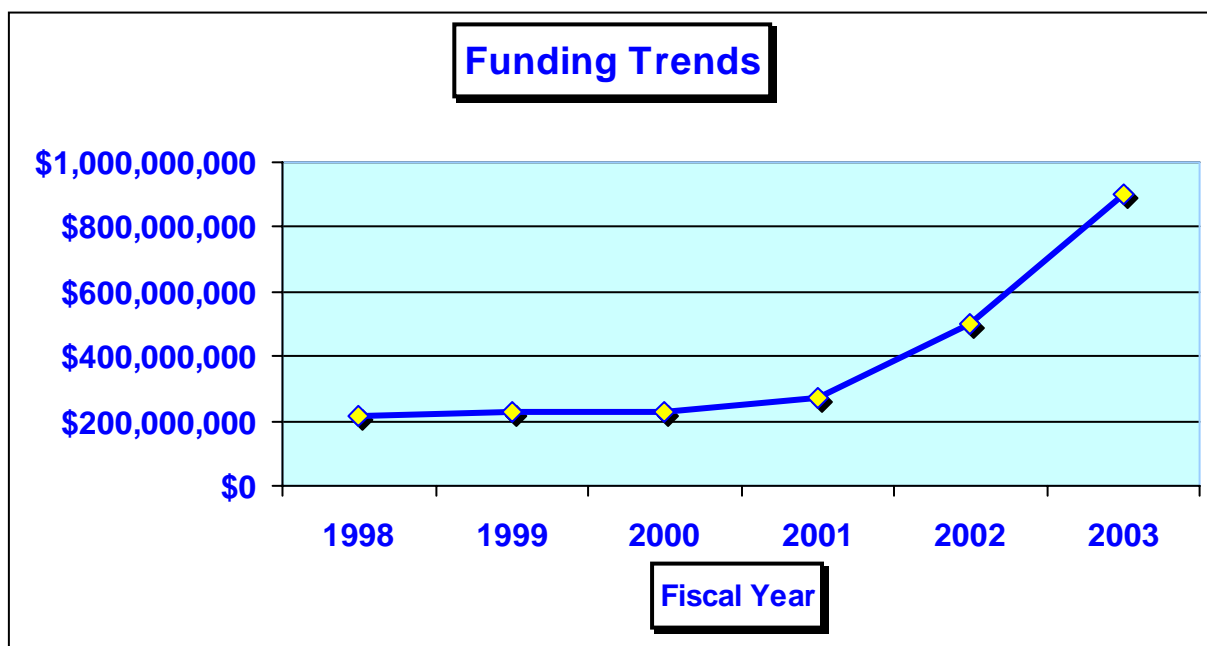
Fiscal Year 2003 has been an outstanding year for rural residents of Kentucky with a total of \$904,230,898 obligated through our Rural Utilities Service, Rural Housing Service, and Rural Business-Cooperative Service.

This past year approximately 94,648 rural families received new, expanded, or improved water and wastewater systems; 119,630 citizens in 20 rural communities benefited from new/upgraded fire trucks or police cars, health care centers, a library, community centers, etc.; 3,217 families received housing assistance; and over 1,100 jobs were created or saved—these are the nutrients to which I am referring.

Thanks to our Kentucky employees for another successful year. I would also like to thank the Congressional delegation for their support of our programs.

The graph below illustrates the increase in funding during the last three years.

Please take a few minutes to review our accomplishments.



# Rural Utilities Service

The Rural Utilities Service (RUS) is a multi-service agency providing infrastructure assistance to rural areas for electricity, water, wastewater, and telecommunications. RUS plays a critical leadership role in lending and technical guidance for rural utilities industries across the nation. The Distance Learning and Telemedicine program, which serves to meet the educational and health needs of rural communities, is also administered through RUS nationwide. In Kentucky, RUS is also responsible for administering Community Facilities (CF) loans, grants, and loan guarantees under Rural Housing Service (RHS) regulations. Additionally, through an agreement with the Appalachian Regional Commission (ARC), RUS administers ARC grants processed under the authorities provided in RUS and RHS regulations.

Information from the 2000 Census has finally been compiled and distributed to all Rural Development offices nationwide to assist in administering our programs. According to the new Census data, many areas in Kentucky experienced dramatic changes in population and income during the ten years between the 1990 and 2000 Census. These changes will impact future applicants for RUS and RHS funds when determining eligibility for loan and grant assistance.

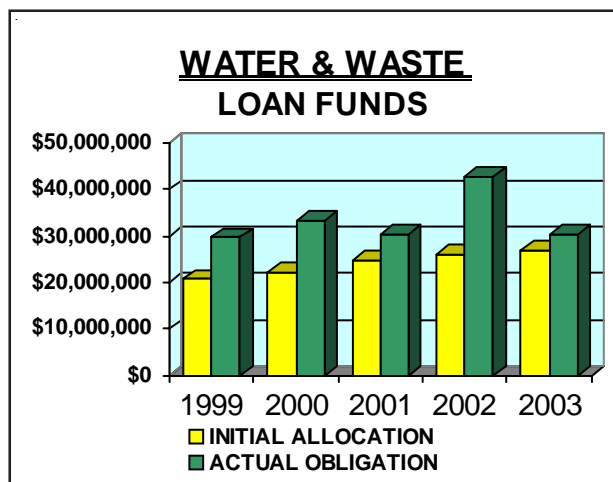
## WATER AND WASTE DISPOSAL (WWD)

RUS provides loans, grants and loan guarantees to public bodies, non-profit organizations, and special purpose districts for drinking water, sanitary sewer, solid waste, and storm drainage facilities in rural areas and cities and towns of 10,000 or less.

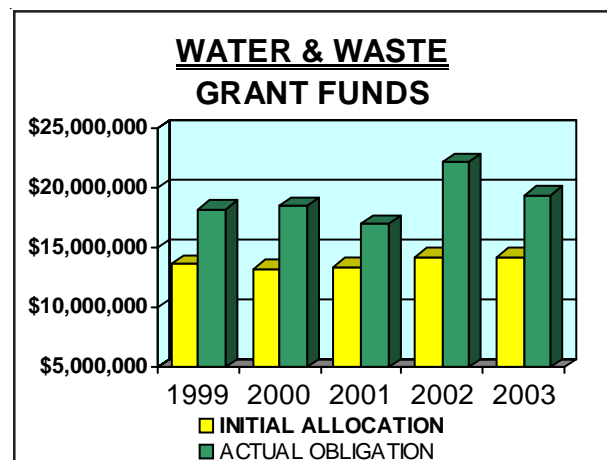
Forty-two rural communities in Kentucky received Water and Waste Disposal (WWD) loan and grant assistance under RUS programs this past fiscal year, improving the quality of life for approximately 94,648 rural families. This financial assistance consisted of \$30,471,300 in loan and \$19,391,400 in grant funds awarded to fund new, expanding, or improved rural water and wastewater systems throughout the State.



Senator Jim Bunning and State Director Kenneth Slone presented a \$2,600,000 check to the Knott County Water and Sewer District to construct a new water treatment plant benefiting existing customers and serving as a potential regional water supplier for the surrounding Counties of Floyd, Letcher and Perry.



*The difference between the Initial Allocation and Actual Obligation represents additional funds obtained from the National Office Reserve.*



The City of Campton, located in the persistent poverty county of Wolfe, received a WWD loan for \$400,000 and a WWD grant for \$800,000 to construct a new sewage treatment plant. The existing plant was out of compliance with state standards and the Kentucky Division of Water had issued a tap-on ban limiting additional connections to the system. In addition to Rural Development funds, the Environmental Protection Agency committed a \$1,700,000 grant, the State of Kentucky committed \$360,125 in coal severance funds, and the Appalachian Regional Commission committed a \$350,000 grant toward the total project cost of \$3,600,125. The new plant will improve wastewater quality for their existing 278 customers and allow new sewer service for development in the community. Most notably, upon completion of the sewer system improvements, the new multi-county Pine Ridge Industrial Park located in Campton can be marketed to potential clients, thereby generating many new jobs for area residents and contributing to the local economy.

On September 18, 2003, RUS Administrator Hilda Gay Legg visited the Courthouse in Paris to announce the award of two water projects in Bourbon County. The City of Paris received a \$1,111,000 loan to extend approximately 47 miles of waterlines to 178 new customers residing in rural Bourbon County, near the City of Paris. Contaminated wells in the area posed a potential health hazard to the population. The \$2,840,000 total project also received grant funds from the State of Kentucky. Ms. Legg also announced the award of a \$695,300 loan and a \$569,000 grant to the Judy Water Association in Montgomery County. The project involved the installation of approximately 29 miles of waterlines, two water tanks, and a booster pump station to serve 157 new customers in portions of rural Bourbon, Clark, and Montgomery Counties. The \$2,222,000 total project also received funds from CDBG-HUD, the Bourbon County Fiscal Court, and a grant from the State of Kentucky.

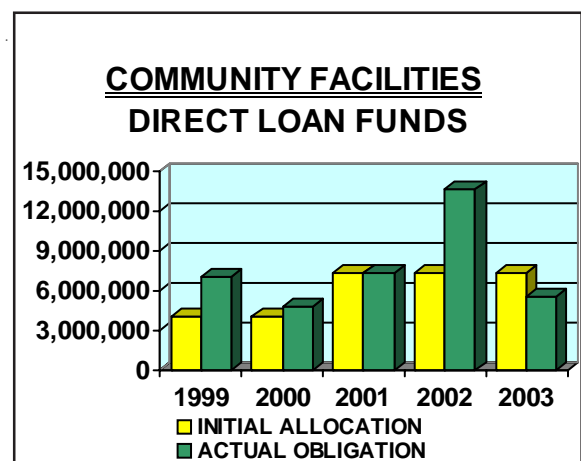


## PRIDE

The **Personal Responsibility In a Desirable Environment (PRIDE)** Initiative is U.S. Congressman Hal Rogers' answer to addressing the serious challenge of cleaning up Kentucky's rivers and streams of sewage and garbage, ending illegal trash dumps, and promoting environmental awareness and educational programs. RUS has entered into an agreement with PRIDE to administer certain wastewater construction projects in the 40-county PRIDE region of Southern and Southeastern Kentucky. The efforts made through this initiative to clean up the targeted areas of rural Kentucky will help to instill and rekindle a sense of pride and community in the region's rural residents, as well as improving the surface and ground water quality in the area.

## COMMUNITY FACILITIES (CF)

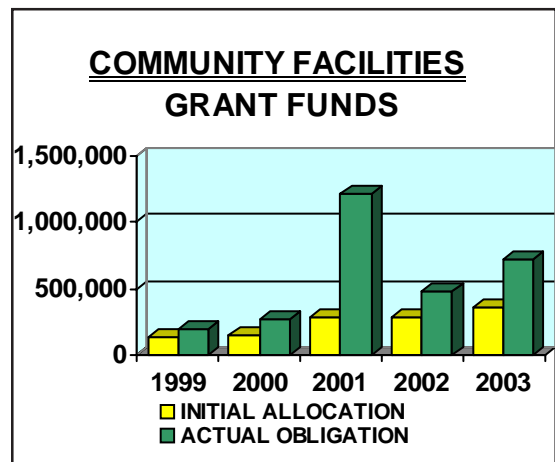
Community Facilities loans and grants provide financial assistance for health care, public safety, and public services to rural America. Kentucky has always been very active in providing assistance to our rural communities, particularly for hospitals and medical clinics, fire stations and fire trucks, police stations, jails, community buildings, courthouses, and day care centers to mention a few.





This past year Kentucky obligated 12 direct CF loans for a total of \$5,563,000 and 14 grants for a total of \$716,410. This assistance comprised a wide range of essential community services for approximately 119,630 citizens in 20 rural communities. Funds were awarded to improve or expand health departments/clinics, nursing homes, medical centers, a community center, a library, a fire station, and an agricultural building/farmers market. Ten projects involved the purchase of fire trucks or police cars to help improve the public safety for rural citizens of Kentucky.

*The difference between the Initial Allocation and Actual Obligation represents additional funds obtained from the National Office Reserve.*



Johnson County Fire & Rescue, Inc. received a \$100,000 CF grant, in conjunction with a \$50,000 CF loan, to purchase a 2003 Class A pumper/tanker fire truck to meet the fire protection needs of approximately 2,551 citizens in rural Johnson County. The Fire & Rescue Department serves the Staffordsville and the Paintsville Lake areas, which

encompass 38 square miles as well as providing mutual aid to the entire county in the event of a major fire or disaster. The grant was awarded under the Economic Impact Initiative, which provides grant funds for rural communities with extreme unemployment and severe economic conditions.

## ***EZ/EC***

Kentucky Highlands Empowerment Zone (KHEZ) is one of the few designated rural Empowerment Zones in the nation. Kentucky proudly participates in the Empowerment Zone/Enterprise Community (EZ/EC) Initiative begun in 1994. The initiative strives to encourage communities within specially designated areas (zones) to create new jobs and promote the revitalization of economically distressed areas.

In Fiscal Year 2003, Kentucky committed \$3,326,000 in RUS loan and grant funds for two projects in the Empowerment Zone and one project in an Enterprise Community. Additionally, Kentucky committed \$75,000 in CF grant funds for one project in the Empowerment Zone.

Foothills Academy, Inc., located in Albany, Kentucky, received a \$75,000 CF grant to improve their residential youth home facility in rural Clinton County. The funds were used to purchase additional equipment primarily for kitchen, residential, office, and landscaping and recreational purposes. These improvements allowed the home for homeless and troubled juveniles to increase their capacity from 34 to 58 young people and created 12 new jobs in a rural community located in the Kentucky Highlands Empowerment Zone. Mr. Gilbert Gonzales, Deputy Under Secretary for Rural Development, announced the approval of the \$75,000 CF grant and presented the ceremonial check to representatives of the Academy on August 5, 2003.

## **Appalachian Regional Commission (ARC)**

The Appalachian Regional Commission was established by Congress in 1965 and is composed of the 13 Appalachian states and a federal co-chairman appointed by the President. Rural Development, as one of its federal partners, administers these ARC grant funds. The Commission funds projects such as education and workforce training programs, highway construction, water and sewer system construction, leadership development

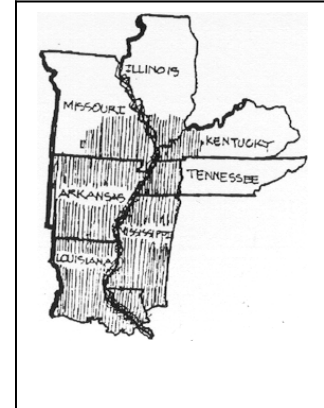
programs, small business startups and expansions, and development of health-care resources.

Kentucky has 51 counties, primarily in the eastern portion of the State, which are designated as ARC counties.

During FY 2003, Kentucky administered \$4,148,000 in ARC grant funds for the expansion or improvement of 12 water and waste disposal projects and one ARC grant under Community Facilities authorities, totaling \$265,000. The project administered under CF authorities assisted in the construction of a 12,000 square-foot health clinic for behavioral and physical health services for the citizens of Lee County.

## Mississippi Delta Region

In July 1998 the Secretary of Agriculture announced a new partnership with nine other federal agencies to provide economic assistance to seven states located in the Mississippi Delta region of the United States. This region includes all of Mississippi, Louisiana and Arkansas and portions of Tennessee, Missouri, Illinois and Kentucky, and has historically been one of the most economically disadvantaged areas of the country. There are 21 counties in Kentucky encompassing the Mississippi Delta Region. A Memorandum of Agreement between the Lower Mississippi Delta Development Commission and Rural Development has been executed for project administration.



## DISTANCE LEARNING AND TELEMEDICINE LOAN AND GRANT PROGRAM (DLT)

The Distance Learning and Telemedicine loan and grant program provides financial assistance to meet the educational and health care needs of rural America. It is a program about rural America, for rural America, and delivered to rural America. The DLT program enables citizens of the most isolated communities to have access to the same education and specialized medical technology as the citizens in urban and suburban cities.

Kentucky had one recipient selected to receive a grant award during Fiscal Year 2003 under the Distance Learning and Telemedicine Grant program.

### Pikeville College, Pikeville, Kentucky

The College was awarded a \$74,661 grant to purchase distance learning equipment for 15 sites in the four Appalachian states of Kentucky, Tennessee, Virginia, and West Virginia with a 16<sup>th</sup> site in Arkansas. This project allows for the continuing education of graduates of the Pikeville College School of Osteopathic Medicine and monitors their progress as they serve their residency and internship at hospitals in those Appalachian states. Accordingly, these new physicians will more likely locate their practices in those rural communities.

Additional information on the DLT program can be found on the RUS Web site:

<http://www.usda.gov/rus/telecom/dlt/dlt/htm> Applications are to be submitted to the Rural Utilities Service, USDA, 1400 Independence Avenue, SW, Mail Stop 1550, Washington, D.C. 20250-1550. Telephone contact is (202) 690-4493 and the facsimile number is (202) 720-1051.

## ELECTRIC AND TELECOMMUNICATIONS PROGRAMS

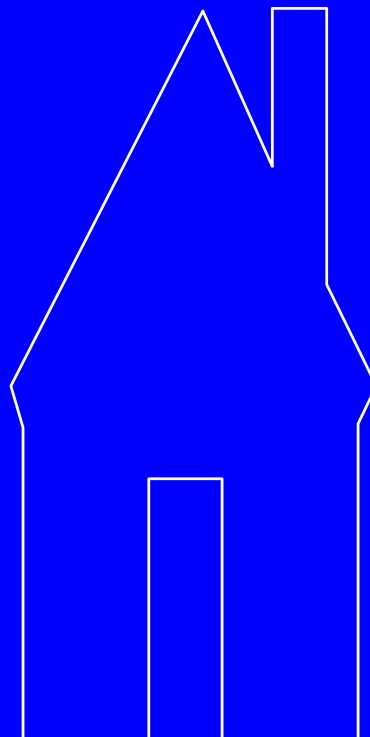
The Electric and Telecommunications Program authorities are handled by the RUS National Office in Washington, D.C., with field offices in Lexington. Nine loans were made in the Electric Program, totaling \$593,409,000. Telecommunication Programs granted a total of \$1,903,365. Kentucky received four Community Connectivity Grant awards providing small, rural communities a chance to benefit from the advanced technologies necessary to foster economic growth, provide quality education and healthcare opportunities, and increase and enhance public safety.

## MAJOR ACCOMPLISHMENTS:

FY 2003 Record Year in Kentucky

RHS Obligations - \$214,399,470

- ★ 410 Families assisted with Direct Homeownership Loans utilizing \$28,192,147.
- ★ 2,075 Families assisted with GRH Homeownership Loans utilizing \$182,319,042 (second in nation in fund usage).
- ★ 602 Repair Loan and Grant Obligations utilizing \$2,667,123 (first in nation for number of 504 loans approved).
- ★ Far exceeded Minority Housing Goal. Obligations to minorities came to 5.661% compared to 3.45% minority population for Rural Areas.
- ★ Leveraging was obtained for 21.86% of all obligations in Direct SFH Programs. Kentucky had 24 Rural Home Loan Partners.
- ★ Ended the year in SFH with a 1<sup>st</sup> year delinquency rate of 1.74% compared to 2.58% Nationwide. Also ended the year with only three REOs (Real Estate Owned Properties) and three Leased Properties.
- ★ Despite aging MFH Portfolio, only 1 loan (.002%) is delinquent – far below National Average of 1.7% Delinquency.
- ★ Obligated HPG Funds of \$302,166 which was 104 % of the State Allocation.
- ★ Compared to other states, ranked 11<sup>th</sup> in allocations, but 2<sup>nd</sup> in overall fund usage utilized for homeownership.



**RHS**  
**Making a difference**  
**1. Homeownership**  
**2. Multifamily Housing**  
**3. Home Repair Loans and Grants**

## **SINGLE FAMILY HOUSING DIRECT PROGRAM**

The Direct Homeownership Program makes loans available through 19 local offices to very low and low income families. Applications are processed by the local offices with servicing provided by the Centralized Servicing Center in St. Louis. Loans may cover up to 100% of the costs and are subsidized, which reduces the effective interest rate to 1% depending on the income of the family.



A recent example of the impact of the Direct Loan Program is the Rivases Family. The Rivases, a young Hispanic family, believe that dreams do come true in America. Juan and Concepcion were born in Central America and did not enter into the United States until eleven years ago. For six years, they lived in New York doing miscellaneous construction work before moving to Kentucky.

The Rivases have four children: Brian, Jonathan, Kathy, and Oliver. The rental home they had been occupying was an old dilapidated two-bedroom farmhouse. The landlord was unwilling to spend money for repairs. It was the Rivas's goal to own an adequate, decent, modest, safe, and sanitary home. This mission was accomplished with Rural Development providing low interest rate financial assistance making it possible for them to purchase a home consisting of three bedrooms, two baths, a living room, a dining room, a

laundry room, a storage area, and a one car attached garage. The Rivases express their gratitude and wish to thank Rural Development and everyone involved in helping them attain their dream.



## **SECTION 504 LOAN & GRANT PROGRAM – REPAIR LOAN PROGRAM**

This program is available to enable very low-income homeowners to remove health and safety hazards, make needed repairs, and provide accessibility for family members with disabilities. The repair program continues to make it possible for many families to replace leaking roofs, have safe drinking water, install central heat and air, and eliminate unsanitary outdoor privies with installation of indoor plumbing and septic systems. Maximum loan for repairs is \$20,000. Applicants 62 years of age who cannot show repayment ability for a 1% loan are eligible for a grant not to exceed \$7,500.

An example of a family assisted through the 504 program is Henry and Elnora Harriford, ages 72 and 71 respectively. The Harriford's live very frugally since their livelihood comes from a 47.5 acre farm located in Warren County. They were encouraged by a friend to get new windows for their home by using USDA Rural Development's 504 Home Repair Loan and Grant program.

Rural Development, combined with the efforts of the Kentucky Housing Corporation's (KHC) HouseWorks Program, provided a 504 Loan and Grant. This partnership provided the Harrifords with the means to not only replace their drafty windows but to have new siding installed on their home, repair plumbing problems, restore flooring, and to transform their old farmhouse into what Mrs. Harriford described as the "pride of the neighborhood."



The Harriford's are well pleased and remarked how much warmer the house is with the new windows and siding.

This RHS/KHC partnership presents a marvelous opportunity for very low income families to make desperately needed repairs to their homes with part of the funds provided in the form of a five year forgivable loan by KHC. The HouseWorks Program will be especially helpful to individual homeowners under 62 years of age who are



not eligible for grants in the 504 program. In FY 2003, the homes for 55 families were repaired with Rural Development and Kentucky Housing Corporation each providing \$300,000. In three funding rounds KHC has awarded over \$875,000 and Rural Development has awarded over a million dollars to help over 120 families. Of those families 14.36% were minorities.



## **GUARANTEED RURAL HOUSING (GRH)**

The 12<sup>th</sup> Anniversary for the Rural Housing Guaranteed Loan Program in Kentucky was the best year ever. A total of **2,075** loans, utilizing **\$182, 319, 042** of private sector funds, were made in cooperation with such partners as Kentucky Housing Corporation (KHC), Chase Manhattan Mortgage Corporation, Countrywide Home Loans, and Wells Fargo Mortgage. The program has experienced a 15% growth rate in each of the last two years. Qualifying applicants must have an income not exceeding 115% of the US Median Income for the county where the subject property is located. Popularity of the program continues to increase with the mortgage lending community, due primarily to the guarantee covering 100% of the loan amount, eliminating the requirement of a downpayment or of private mortgage insurance. Over 100 approved lenders and numerous originators/brokers offer this affordable housing product in Kentucky.

One of the 2,075 loans approved this year is described as follows:

Geraldine, Daniel, and Robin Smith wanted to relocate to Kentucky from Indiana to be closer to their family. They began working with Michelle Cheek, Mortgage Loan Officer for Farmers Bank & Trust Company of Bardstown, Kentucky. At first they considered a manufactured home which did not work out, so they began looking for other affordable properties. Geraldine is a cancer survivor; Danny is hearing impaired; and Robin was suffering from a brain tumor. (Sadly, Robin passed away prior to loan closing.) With this in mind, Michelle informed them about the Kentucky Housing Corporation's hardship program for new construction. After considering a number of new houses, the Smith's selected a Rural Development/Rural Housing Service qualified house in the Copperfields community. They settled in for their first Christmas in their new home. They call it "Robin's House," as it was her greatest wish for the family. The RHS Guaranteed loan program made her wish come true.





### *Dismantling Barriers Increasing Minority Homeownership:*

President Bush has a goal of increasing minority homeownership. In Kentucky the minority population is 3.45%.

Below are FY 2003 statistics for minority SFH obligations in Kentucky:

★ 502 Insured Program for Very Low and Low Income Borrowers	7.07%
★ 502 Guaranteed Program for Moderate Income Borrowers	4.28%
★ 504 Repair Loans and Grants for Very Low Income Families	10.7%

### **MULTI-FAMILY HOUSING (MFH)**

At the close of Fiscal Year 2003, Kentucky's Rural Rental Housing (RRH) portfolio numbered 456 properties with over 12,000 units. These units provide affordable housing opportunities to low income households throughout rural Kentucky.



Kentucky RHS made its first Section 538 Guaranteed RRH Loan during FY 2003. We guaranteed a \$1,000,000 loan made by the Huntington Bank of Columbus, OH, which will be used to construct a 40 unit family complex in London, KY. Additional funding will be obtained from the sale of Low Income Housing Tax Credits. The units will be available to households earning less than sixty percent of the median household income for the area.

As funding for additional new complexes is scarce, RHS is focusing on preserving the units already in place. In FY 2003, RHS made three loans to rehabilitate properties in Columbia, Clearfield, and Campbellsburg. The total loan amount for these properties was

\$630,190. In addition to the funds, ten units of Rental Assistance were awarded to Kentucky to be distributed among two of the three properties receiving rehab money this fiscal year.

### **Site Manager of the Year Award**

Two site managers were recognized for the excellent job they have done in managing their complexes. Liz Thames of Margaret Hall Manor in Versailles was presented the "Site Manager of the Year" award for elderly complexes from Rural Housing Service in Kentucky. Tonya Singer of Northside Apartments in Shepherdsville, was presented the "Site Manager of the Year" award for family complexes from Rural Housing Service in Kentucky.

Several nominations were received from all over the state. Criteria such as tenant satisfaction, curb appeal and action above-and-beyond what is expected were factors used in the nomination and selection process. All

nominees were outstanding and went the extra mile in performing day-to-day operations of the apartment complexes. Both Ms. Thames and Ms. Singer were highly regarded by the tenants and their respective management companies. The records and the property were maintained in compliance with RHS requirements.

## HOUSING PRESERVATION GRANT PROGRAM (HPG)

During Fiscal Year 2003, Kentucky obligated a total of \$302,166 in funds for the Housing Preservation Grant (HPG) program. This total exceeded our allocation of funds for the HPG program by four percent. The money was awarded to three grantees who will use it along with required matching funds to assist very low-income families through rehabilitation and preservation of their existing housing.

## Rural Business-Cooperative Service

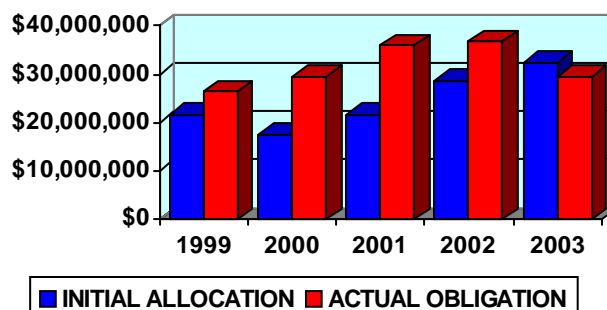
### PROGRAM SUMMARY FOR FY 2003

Fiscal Year 2003 was another banner year for the Rural Business-Cooperative Service.

#### BUSINESS AND INDUSTRY GUARANTEED LOAN PROGRAM (B&I)

This past fiscal year, Kentucky approved 13 B&I Guaranteed loans totaling \$29,366,151 creating and/or saving over 1,100 jobs for rural residents. Loan funds were awarded to assist a hotel, convenience stores, a cotton yarn manufacturing plant, a concrete beam manufacturer, a lumber/hardware store, a military materials supplier, and commercial real estate properties.

#### BUSINESS AND INDUSTRY GUARANTEED LOANS



#### INTERMEDIARY RELENDING LOAN PROGRAM (IRP)

Kentucky awarded one IRP loan totaling \$750,000 to a non-profit corporation. These funds will be used to establish a revolving loan fund to assist small rural businesses.

The goal of the IRP Program is to alleviate poverty and increase economic activity and employment in rural communities. This is accomplished by enabling an intermediary to expand its capacity to administer a small business loan program.



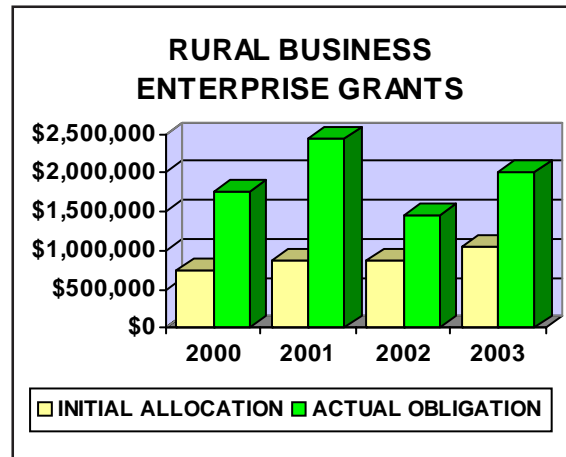
## RURAL COOPERATIVE DEVELOPMENT GRANT PROGRAM (RCDG)

Kentucky received \$314,575 to continue the efforts of improving economic conditions of rural Kentucky by promoting new cooperatives and improving existing farmer cooperatives. The borrower coordinates, strengthens, and expands existing activities and resources and provides expanded access to capital, technical support, education, and training linkages through direct interaction and modern technology to underserved and economically distressed rural areas.

## RURAL BUSINESS ENTERPRISE GRANT PROGRAM (RBEG)

The RBEG program was established to finance and aid in the development of small and emerging private business enterprises in rural areas.

With the ability to transfer funds between Rural Business programs, Kentucky was able to move additional funds into the RBEG allotment thereby approving 12 grants totaling \$2,010,644. Funds were committed for a variety of services including technical assistance, revolving loan funds, business incubator, purchasing equipment at an aquaculture processing plant, and providing international marketing assistance.



## RURAL BUSINESS OPPORTUNITY GRANT PROGRAM (RBOG)

The purpose of this program is to promote sustainable economic development in rural communities with exceptional needs. This is accomplished by providing assistance to organizations for economic development planning, technical assistance, or training.

Kentucky received approval for one RBOG totaling \$50,000. The grant will be used to provide a comprehensive GPS mapping system of the project area which will identify local industrial parks, transportation facilities, utilities, fire and rescue facilities, and a local transportation communication system to be made available to agencies and industries.

## **RURAL ECONOMIC DEVELOPMENT LOAN AND GRANT PROGRAM (REDLG)**

Although there was limited funding authority available for FY 2003, Kentucky was able to receive funding for two projects totaling \$900,000. The funds will assist in financing the construction of an industrial park and constructing a processing facility for high value meat products. The REDL/Grant Program promotes projects that will result in sustainable economic resources and thereby lead to a higher income level for rural citizens.

## **VALUE-ADDED AGRICULTURAL PRODUCT MARKET DEVELOPMENT GRANT PROGRAM**

Kentucky submitted 12 applications for consideration of which only four projects totaling \$597,522 were selected for approval. One of the selections was for a planning grant to conduct a feasibility study on value-added packaging and processing activities with cabbage, tomatoes, and bell peppers.

The Program is available to assist agricultural producers interested in developing business plans to establish a viable marketing opportunity for their value-added product or to acquire capital to establish a value-added business venture or alliance that will allow improved competition in domestic and international markets.

## **O**utreach Activities

- Participated in 12 National Homeownership events during the month of June. These events ranged from Outreach meetings, a local Youth Build, and Open Houses to a Housing Fair targeted to the Hispanics of a five-county area.
- 23 Success Stories were submitted to the Under Secretary of Agriculture, published in local newspapers, and are posted on our website.
- Employees participated in "Career Day" with various elementary, middle, and high school programs.
- Displayed an informational booth exhibit during the Kentucky State Fair. Informational pamphlets as well as pictures were available for the 625,657 people attending the State Fair.
- Participated in the Small, Limited Resource Minority Farmer Conference sponsored by Kentucky State University.
- Compiled an informational newsletter for distribution to all Mayors, County Judge Executives, Congressional Members, etc. throughout the state.
- 640 News Releases were published.



# Civil Rights and EEO

The issues of Civil Rights and Equal Employment Opportunities within Rural Development are an intricate part of everyone's job.

FY 2003 reflects the State Director's continued support of these areas.

259 Civil Rights Compliance Reviews were conducted on all programs.

The State Office approved 130 Affirmative Fair Housing Marketing Plans.

Area Offices completed 39 Civil Rights Impact Analyses.

Rural Development and other USDA State Office Agencies had a record attendance at the Black History Luncheon held at the oldest black church in Lexington.

Recruitment brochures and employment information packets (developed by the State Office) were distributed during four "Career Day" events.

Civil Rights Compliance trainings were conducted with two management companies involved in the MFH Program.

The Civil Rights Manager worked with the National Office reviewing Utah Rural Development's Rural Housing Program and compliance with the Section 504 Rehabilitation Act.

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation, and marital or familial status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14<sup>th</sup> and Independence Ave, SW, Washington, DC 20250-910 or call (202) 720-5964 (voice or TDD). USDA is an equal opportunity provider and employer.

---

Visit our web site: [www.rurdev.usda.gov/ky](http://www.rurdev.usda.gov/ky)



**JOHNSON COUNTY FIRE AND RESCUE, INC.**

P.O. Box 155  
Staffordsville, KY 41256

November 2, 2003

Mr. Vernon Brown  
USDA Rural Development  
771 Corporate Drive, Suite 200  
Lexington, KY 40503

Dear Mr. Brown,

The officers and members of the Johnson County Fire and Rescue, Staffordsville Fire/Rescue, would like to express their sincere appreciation to you and your department for all the help in our department obtaining the new fire truck.

We took possession of the fire apparatus on Wednesday afternoon October 29th, loaded it Wednesday evening and used it on it's first emergency run Thursday morning, (a car accident). But that is not all; we were called to a commercial fire at Blanton's Market on Friday night. This new apparatus, without question, enabled our members to extinguish the fire and prevent the loss of the building. There was extensive damage to one fourth of the building where there was storage of boxes but the building sustained very little damage. The new fire truck "saved the day!".

I would also like to let you know that without doubt, Dorothy Fannin Smith is a first rate employee of the USDA. She worked with us hand in hand and guided us through the process of obtaining this grant and loan. We truly appreciate her and her tireless efforts.

In conclusion, again, please accept our sincerest appreciation for the funding you and Dorothy enabled us to obtain.

Sincerely,



Paul Newman, Secretary/Treasurer

NOV 05 2003



Workfest during  
National Homeownership  
Month



Multi-Family Housing  
Project



Guaranteed B&I  
manufacturer of  
agricultural sprayers



## Office Locations

**State Office:** 771 Corporate Dr., Suite 200, Lexington, KY 40503 (859) 224-7300

### **Area Offices:**

**Princeton—320B Traylor St., Princeton, KY 42445**

**(270) 365-6530**

(Area: Ballard, Caldwell, Calloway, Carlisle, Christian, Crittenden, Daviess, Fulton, Graves, Hancock, Henderson, Hickman, Hopkins, Livingston, Logan, Lyon, Marshall, McCracken, McLean, Muhlenberg, Ohio, Todd, Trigg, Union, & Webster)

**Columbia—957 Campbellsville Rd., Columbia, KY 42728**

**(270) 384-6431**

(Area: Adair, Allen, Barren, Breckinridge, Bullitt, Butler, Casey, Cumberland, Edmonson, Grayson, Green, Hardin, Hart, Jefferson, Larue, Marion, Meade, Metcalfe, Monroe, Nelson, Russell, Simpson, Spencer, Taylor, Warren, & Washington)

**Shelbyville—90 Howard Drive, Suite 3, Shelbyville, KY 40065**

**(502) 633-0891**

(Area: Anderson, Boone, Bourbon, Boyle, Carroll, Clark, Fayette, Franklin, Gallatin, Grant, Harrison, Henry, Jessamine, Kenton, Mercer, Montgomery, Oldham, Owen, Powell, Scott, Shelby, Trimble, & Woodford)

**Morehead—220 West First Street, Morehead, KY 40351**

**(606) 784-6447**

(Area: Bath, Boyd, Bracken, Breathitt, Campbell, Carter, Elliott, Fleming, Floyd, Greenup, Johnson, Knott, Lawrence, Lee, Lewis, Magoffin, Martin, Mason, Menifee, Morgan, Nicholas, Owsley, Pendleton, Pike, Robertson, Rowan, & Wolfe)

**London—95 S. Laurel Rd., Suite #A, London, KY 40744**

**(606) 864-2172**

(Area: Bell, Clay, Clinton, Estill, Garrard, Harlan, Jackson, Knox, Laurel, Leslie, Letcher, Lincoln, Madison, McCreary, Perry, Pulaski, Rockcastle, Wayne, & Whitley)

### **Local Offices:**

**Bardstown—512 E. Stephen Foster Ave., Bardstown, KY 40004**

**(502) 348-3024**

(COUNTIES SERVED -Nelson, Marion, Washington, Spencer, Jefferson, Bullitt, Taylor)

**Bowling Green—925 Lovers Lane, Bowling Green, KY 42103**

**(270) 842-1146**

(COUNTIES SERVED -Warren, Allen, Edmonson, Simpson, Butler)

**Elizabethtown—587 Westport Road, Elizabethtown, KY 42701**

**(270) 769-1555**

(COUNTIES SERVED -Hardin, Hart, Larue, Meade, Grayson, Breckinridge)

**Elkton—101 Elk Fork Road, Elkton, KY 42220**

**(270) 265-5638**

(COUNTIES SERVED -Todd, Logan, Christian, Hopkins, Trigg, Caldwell, Lyon)

**Flemingsburg—Hwy 11 So., RT. 2 Box 27A, Flemingsburg, KY 41041**

**(606) 845-2851**

(COUNTIES SERVED -Fleming, Nicholas, Rowan, Robertson, Bath, Mason, Lewis, Campbell, Pendleton, Bracken)

**Glasgow—108 Reynolds Rd., Glasgow, KY 42141**

**(270) 678-2636**

(COUNTIES SERVED -Barren, Casey, Adair, Green, Metcalfe, Monroe, Russell, Clinton, Cumberland)

**Grayson—526 East Main Street, Suite A, Grayson, KY 41143**

**(606) 474-5185**

(COUNTIES SERVED -Carter, Greenup, Boyd, Elliott, Lawrence)

**Hazard—625 Memorial Drive, Suite 101, Hazard, KY 41701**

**(606) 439-1378**

(COUNTIES SERVED -Perry, Leslie, Letcher, Harlan)

**London—95 S. Laurel Rd., Suite #B, London, KY 40744**

**(606) 864-2172**

(COUNTIES SERVED -Laurel, Clay, Knox, Bell, Whitley)

**New Castle—1125 Campbellsburg Rd., New Castle, KY 40050**

**(502) 845-4700**

**Nicholasville—800-A South Main, Nicholasville, KY 40356 (859) 887-2461**  
 (COUNTIES SERVED -Jessamine, Anderson, Woodford, Mercer, Boyle)

**Owensboro—3032 Alvey Park Dr West, Ste. 3, Owensboro, KY 42303 (270) 683-0927**  
 (COUNTIES SERVED -Daviess, Hancock, Ohio, McLean, Henderson, Union, Webster, Muhlenberg, Crittenden)

**Paducah—2715 Olivet Church Road, Paducah, KY 42001 (270) 554-7265**  
 (COUNTIES SERVED -McCracken, Ballard, Graves, Carlisle, Hickman, Fulton, Livingston, Calloway, Marshall)

**Prestonsburg—214 So Central Ave, Ste 101, Prestonsburg, KY 41653(606)886-9545**  
 (COUNTIES SERVED -Floyd, Pike, Martin, Johnson, Knott)

**Richmond—2150 Lexington Road, Suite C, Richmond, KY 40475 (859) 624-1982**  
 (COUNTIES SERVED -Madison, Estill, Jackson, Garrard, Rockcastle)

**Somerset—45 Eagle Creek Dr, Ste 105, Somerset, KY 42503 (606) 678-4842**  
 (COUNTIES SERVED -Pulaski, McCreary, Clinton, Lincoln, Wayne)

**West Liberty—955 Prestonsburg St., Suite #1, West Liberty, KY 41472(606)743-3193**  
 (COUNTIES SERVED -Morgan, Magoffin, Menifee, Wolfe, Lee, Breathitt, Owsley)

**Williamstown—486 Helton Street, Williamstown, KY 41097 (859) 824-7171**  
 (COUNTIES SERVED -Grant, Owen, Gallatin, Boone, Kenton, Harrison, Scott)

**Winchester—30 Taylor Ave., Winchester, KY 40391 (859) 744-5561**  
 (COUNTIES SERVED - Clark, Montgomery, Bourbon, Fayette, Powell)





**USDA Rural Development  
771 Corporate Drive  
Lexington, KY 40503**